

SENATOR MARTIN M. LOONEY
PRESIDENT PRO TEMPORE

Eleventh District
New Haven, Hamden & North Haven



State of Connecticut
SENATE

State Capitol
Hartford, Connecticut 06106-1591
132 Fort Hale Road
New Haven, Connecticut 06512
Home: 203-468-8829
Capitol: 860-240-8600
Toll-free: 1-800-842-1420
www.SenatorLooney.cga.ct.gov

Labor and Public Employees Committee Public Hearing
March 8, 2018

TESTIMONY IN SUPPORT OF SENATE BILL #1 AN ACT CONCERNING EARNED FAMILY AND MEDICAL LEAVE, HOUSE BILL #5387 AN ACT CONCERNING PAID FAMILY MEDICAL LEAVE, SENATE BILL #15 AN ACT CONCERNING FAIR AND EQUAL PAY FOR EQUAL WORK, HOUSE BILL #5386 AN ACT CONCERNING VARIOUS PAY EQUITY AND FAIRNESS MATTERS AND HOUSE BILL #5388 AN ACT CONCERNING FAIR MINIMUM WAGE

Good afternoon, Senator Gomes, Senator Miner, Representative Porter, and members of the Labor and Public Employees Committee. Thank you for the opportunity to testify today in strong support of four important bills, Senate Bill 1, An Act Concerning Earned Family and Medical Leave, House Bill 5387, An Act Concerning Paid Family Medical Leave, Senate Bill 15, An Act Concerning Fair and Equal Pay for Work, and House Bill 5388, An Act Concerning a Fair Minimum Wage.

Senate Bill 1, An Act Concerning Earned Family and Medical Leave and House Bill 5387, An Act Concerning Paid Family Medical Leave

Senate Bill 1 and House Bill 5387 each propose to establish a system that provides critically needed *paid* family and medical leave benefits to individuals employed in Connecticut. The United States is very much in the minority of developed nations that do not explicitly provide employees with the ability to take such paid leave. Individual states, on the other hand, have the authority to require this benefit to be provided to employees, and I believe we have an obligation to do so. However, as with bills on this subject that have been offered over the past few legislative sessions, the paid salary replacement benefits provided for in Senate Bill 1 would be *employee funded*. An employee would contribute a very small amount of his or her pay – likely less than one half of one percent, but firmly capped in section 2 of the bill at a half percent and only deducted from wages up to the federal Social Security threshold – into a fund administered by the State. Thereafter, in the event the employee needs to take family or medical leave for either a serious medical condition of his or her own or needs to care for either a family member suffering from such a serious medical condition or a new baby, he or she would be eligible for *paid* benefits out of the fund in a manner laid out in the bill.

According to the 2016 Institute for Women's Policy Research (IWPR) report entitled "Implementing Paid Family Medical Leave Insurance [in] Connecticut" (the "Implementation Report"), "only 13 percent of workers have access to paid family leave through their employers and fewer than 40 percent have access to personal medical leave through employer-provided short-term disability insurance." According to the Implementation Report, for families with incomes below \$25,000, 62.7 percent of leaves taken are uncompensated. While some Connecticut workers may be eligible for 12 weeks of unpaid, job-protected leave per year under the federal Family and Medical Leave Act (FMLA), many Connecticut employees are ineligible for this unpaid benefit. Even for those that are eligible, they often do not take the leave because they simply cannot afford to go without income even for a short period of time.

Given the real world make-up of our modern day workforce, filled with many, many constituents of ours who are working parents with young children; or who are working full time while taking care of aging parents, I strongly believe that providing for a reasonable level of paid family and medical leave is not just necessary – it is also humane. The inability of employees to take paid time off to care for loved ones or themselves can leave them with no choice but to abandon family members in their time of need or neglect their own health. Working families should not have to face the prospect of economic ruin when presented with serious family needs such as caring for a newborn, spouse, or parent.

Providing family and medical leave benefits is critical to the health of Connecticut children and families. The Implementation report found that "[74] percent of Connecticut children . . . live in households where all parents work." A lack of paid family and medical leave means the parents of these 550,000 children are unlikely to have the ability to take time from work to care for these children without a severe financial loss. Time spent with newborn and young children is necessary for their health, making access to parental leave an important indicator of child well-being. The excellent 2014 Family Medical Leave Insurance Taskforce report submitted to this Committee (the "Taskforce Report"), states that "[s]ubstantial research has found negative associations for children of mothers who return to work shortly after childbirth, in particular to full-time work." It has been found that when a mother takes at least 12 weeks of paid leave, the infant is "more likely to receive medical checkups, to breastfeed, and to get critical immunizations," according to the Taskforce Report.

In addition to parental leave, a large, growing number of our constituents face the often overwhelming burden of caregiving for adult family members. With roughly 777,000 people over age 60 in our state, many workers are finding themselves caring for both children and aging parents. This extra caregiving burden can lead to a loss of more than \$300,000 in wages and retirement savings for workers over the age of 50.

According to the Taskforce Report, "[n]early 62% of workers aged 45 to 74 provide care for a family member: 37% for a spouse or partner, 16% for a parent or parent-in-law, 6% for another adult relative...In a 2014 survey conducted by the AARP, over half of Connecticut residents age 40 and older say they have provided care...on an unpaid basis for an adult loved one who is ill, frail, elderly or has a disability...the typical family caregiver in Connecticut is a married woman in her 50s...they are just as likely to be working full-time (43%) as their non-caregiving

counterparts (46%), and about 15% say they have taken more than a week off to care for a family member in the past year.”

These are the realities of today’s workforce. There are many more working parents and working adult caregivers than in the past. Therefore, given that these employees are more susceptible to being less productive or even leaving the workforce entirely due to these responsibilities, it is becoming clearer and clearer that a reasonable paid family and medical leave system, which is funded by employee contributions, would likely not be detrimental to Connecticut businesses. According to the Taskforce Report:

A paid leave program can benefit employers by improving workers’ attendance, productivity, morale, and reducing turnover. According to the U.S. Census Bureau, 80% of mothers who returned to work within 12 months of their child’s birth returned to the same employer, and 69% had no change in pay or hours worked. After California implemented its paid leave program, it found an 89% retention rate for low-wage workers and an 81% retention rate for high-wage workers...Employers often express concern about costs and other burdens associated with employees taking FMLA leave. However, a substantial number of employers report that complying with FMLA has a positive or neutral effect on productivity...profitability...growth...and employee morale...After California implemented paid FMLA, it found similar results in its employer survey; 89% reported it had a “positive or “no noticeable effect on their company’s productivity. Small employers responded more positively than large employers: 91% reported that it had “positive” or “no noticeable” effect on profitability/performance, turnover, and worker morale...Offering a paid family leave plan could also assist businesses in providing benefits that they are not able to offer or are currently struggling to provide.

Because it is so necessary and beneficial to our modern workforce while actually being a positive for employers, the most recent paid family leave laws that have passed, in our neighbor New York State in 2016 and Washington State in 2017 -- --were passed in nearly unanimous, bipartisan fashion. The bipartisan New York law provides, beginning on July 1, 2018, virtually all employees in the State of New York with 8 weeks of job-protected, paid family leave per year, at 50 percent of their weekly pay, up to a maximum of around \$630, which is half of the average weekly pay in the state. The law adds an additional two weeks of paid leave in 2019 and 2021, at higher pay levels, capping off in 2021 at 12 weeks of job-protected family leave at two thirds pay. Notably, this is on top of the already existing paid medical leave benefit provided in the State of New York, up to 26 weeks per year, albeit non-job-protected unless covered by the federal FMLA. In Washington State, the bipartisan law will offer eligible workers 12 weeks of paid family medical leave, plus an additional 2 weeks for serious pregnancy complications. Notably, under this law both employees and large employers pay into the system and employees must work at least 820 hours before being eligible for the benefit. Total premiums are capped at 0.4 percent of wages, with 63 percent of that coming from the employee and 37 percent from the employer. Washington State will begin collecting the premiums on January 1, 2019, and the paid leave benefits go into effect thereafter in the year 2020.

In addition to New York State and Washington State, three other states including our neighbors Rhode Island and New Jersey in addition to the District of Columbia provide paid family medical leave to their workers. New Jersey began providing 6 weeks of non-job-protected paid family leave benefits in 2009, in addition to the 26 weeks of paid medical leave it has been providing for decades. Rhode Island enacted 4 weeks of job-protected paid family leave benefits in 2013, in addition to the 30 weeks of paid medical leave it has been providing for decades.

Looking at the family leave benefits provided in other states, it is obvious that there is a wide range of benefit levels offered. Senate Bill 1 and House Bill 5387 provide for up to 12 weeks of paid leave to qualifying employees, at 100% of salary up to a cap of \$1000 per week. I strongly believe that we can – and must – work together to pass a strong bill this year that finally provides a reasonable level of economic security to Connecticut workers who either stay home with their new children, take time off to care for seriously ill loved ones, or become seriously ill themselves.

Senate Bill 15, An Act Concerning Fair and Equal Pay for Equal Work, and House Bill 5386, An Act Concerning Various Pay Equity and Fairness Matters

Both Senate Bill 15 and House Bill 5386 are critically important measures to help close the wage gap here in the State of Connecticut. While there have been efforts in the past to combat this issue, here in Connecticut women are still earning 83 cents to every dollar that their male counterparts are. This results in an annual wage gap of nearly \$11,000. This gap only increases in the case of Latino and African American women, the former earning 54 cents on the dollar and the latter 63 cents on the dollar compared to their white male counterparts.

This legislation would be key to dropping the poverty rate of single, working mothers in the state, which is currently at 24.4 percent. It also will help many families who rely on two-parent incomes or households headed by women to sustain life here in Connecticut.

I strongly urge you to support these bills in order to provide a better economic future for our State and its residents.

House Bill 5388, An Act Concerning a Fair Minimum Wage

House Bill 5388, An Act Concerning a Fair Minimum Wage, seeks to gradually increase the minimum wage in Connecticut from its current \$10.10 in 2018 to \$15.00 per hour, over the course of the next three years. Thereafter the wage would be indexed to rise at the rate of inflation.

As policymakers, we are all well aware that hundreds of thousands of Connecticut workers are struggling, each and every day, to support themselves and their families. According to the excellent report delivered to this Committee in December 2016 by the Connecticut Low Wage Employer Advisory Board (the “Report”), at least 20 percent of Connecticut’s workforce – at least 336,000 workers – earn less than \$15 an hour. In some of our poorest cities and towns, the percentages are far greater; in Hartford, for example, it is estimated that the majority of workers,

53 percent, earn less than that amount. Moreover, according to the Report, the sub-\$15 workforce is disproportionately female, Black and Latino. A study by the Federal Reserve Bank of Boston that is referenced in the Report estimates that in our state 33.7 percent of female workers, 43.1 percent of Black workers, and 52.6 percent of Latino workers earn less than \$15 an hour. Another study referenced in the Report paints a far starker picture when it comes to female workers in Connecticut: according to a study conducted jointly by the Economic Policy Institute and CT Voices for Children, **women comprise 58.4 percent of Connecticut workers that would directly benefit from an increase in the minimum wage to \$15 per hour.**

The Report further illustrates that an oft-cited misconception about minimum wage workers in Connecticut – that most are teens looking for spending money – is untrue. Instead, very significantly, **the Report notes that the majority of Connecticut workers who earn less than \$15 per hour are actually the primary breadwinners in their families.** It states that:

According to the Federal Reserve study, “the typical worker making less than \$15.00 per hour is in her mid-30’s.” The CT Voices/EPI analysis found that 90 percent of the workers who would benefit from a minimum wage increase to \$15 are 20 years of age or older. And according to the Federal Reserve study, **32.7 percent—nearly one-third – of sub-\$15 workers in Connecticut are parents with children...** Finally, contrary to the notion of minimum wage earners as teenagers living with their parents and earning pocket money, the Federal Reserve study also found that a majority of sub-\$15 workers are the primary earners in their families.

It is thus easy to understand that requiring a sufficient minimum wage in the State of Connecticut is not a luxury. It is not a mere gratuity. Instead, it is a virtually existential issue for thousands upon thousands of Connecticut families – a critically important matter for the basic health and well-being of their children and themselves. For the parents trying to make ends meet, for the single moms working two or three minimum wage jobs just to provide basic necessities for their children, there may be no more important, pressing issue than earning a fair, adequate and “livable” wage. We simply cannot turn our backs on these Connecticut citizens. We must do all we reasonably can to help them support themselves and their families.

Connecticut has fallen behind the curve in enabling our residents to earn a living wage. Since 1979, the value of the state minimum wage has decreased despite an increase in the cost of living and employee productivity. A 2012 Connecticut Voices for Children report found that, though the minimum wage in Connecticut increased 184 percent in a little over three decades, from \$2.91 in 1979 to \$8.25 in 2012, the actual value of the minimum wage decreased by 9 percent. We recently increased the minimum wage to \$10.10 in an effort to catch up with the rising cost of living, but *a minimum wage of \$10.10 still has less relative value than the minimum wage of \$2.91 had in 1979.* By taking this next step to increase the minimum wage to \$15, we would be closer to catching up with the cost of living, allowing our low wage workers to support themselves and their families.

It is well and troublingly illustrated in the Report that at its current \$10.10 level, Connecticut's minimum wage "is insufficient to allow Connecticut's low-wage workers to live with even minimal security or dignity." It is also well illustrated that the eventual \$15 an hour recommended wage itself is barely adequate, with the Report explaining at length that "a 'basic economic security' income, 'self-sufficiency' income, or 'living wage' in Connecticut – an income adequate to support a worker's basic needs at a modest standard of living – requires a minimum wage higher than \$15 per hour."

However, *based on a balancing test between the needs of Connecticut citizens and the reasonable requirements to be placed on Connecticut employers*, the Low Wage Employer Advisory Board, after almost a year of gathering information and testimony, recommended to this Committee that the ultimate level of the Connecticut minimum wage be \$15 an hour, and that this increase from \$10.10 be implemented gradually, over 5 years. Thus, the bill being heard today adopts this recommended approach, increasing the minimum wage to \$15 dollars gradually. However, because time has passed since that recommendation was made, the increase in House Bill 5388 occurs over the next three years.

This gradual increase to \$15 is also in keeping with other states and cities throughout the nation. *New York State has already passed legislation – in an overwhelmingly bipartisan manner -- to incrementally raise its minimum wage to \$15 by 2022 in the highest cost areas of the state*, with fast food workers in New York City actually going up to \$15 almost immediately, in 2018. California and Washington, D.C. also have enacted gradual increases to \$15, as has the city of Seattle, Washington. Moreover, many other states, while not yet slated to go to \$15, are above \$10.10 already, and slated to go higher. Our neighbor Massachusetts currently has a minimum wage of \$11.00, and Mayor Walsh of Boston is advocating strongly for the City of Boston to go up to \$15. Oregon is slated to go up to \$13.50 by 2022. Maine, Arizona and Colorado are slated to go up to \$12.00 by 2020.

The Report also concludes something that I believe is key: a gradual increase in the minimum wage as included in the bills being heard today, while providing an incalculable benefit to parents and children throughout the state of Connecticut will not hurt the economy of our state. Indeed, it likely will be a benefit to our overall economy.

In past years, arguments have been made to this Committee that raising Connecticut's minimum wage would be a calamitous event for Connecticut's economy. I'm sure that many of these same arguments will be raised today. However, the Report discusses numerous studies providing evidence that gradually increasing Connecticut's minimum wage would not hurt Connecticut's overall economy and actually likely would have a positive effect on Connecticut's overall economy. Nor would such a gradual rise in the minimum wage result in a decrease in employment throughout the state. The Report discusses evidence that:

- Increasing the minimum wage will grow the Connecticut economy in ways that would broadly benefit the state and its residents;
- Raising the minimum wage will create fiscal benefits and cost savings for employers;

- Studies show that businesses will benefit from reduced turnover and costs of recruitment, increased productivity and efficiency, and increased profit from additional sales due to increased spending by low-income working families;
- Historical increases in the minimum wage have had little or no negative effect on the employment of minimum-wage workers, even during times of weakness in the labor market;
- Though wage increases may incentivize automation, studies show that this creates just as many jobs as it replaces;
- An increase in the minimum wage may result in additional state revenue from income and sales taxes while reducing spending for public assistance programs; and
- Increased earnings and other benefits to businesses, workers, and consumers outweigh any negative effects of a minimum wage increase.

I urge you to support HB 5388; a critical piece of legislation that I believe will greatly enhance the quality of life for Connecticut residents while not hurting the economic well-being of our state. Thank you for your consideration.